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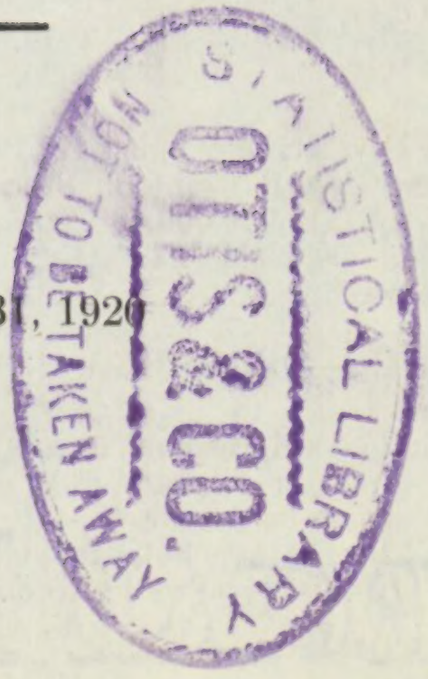
R. J. REYNOLDS TOBACCO COMPANY

WINSTON-SALEM, N. C.

FINANCIAL STATEMENT

DECEMBER 31, 1920



Winston-Salem, N. C., March 11, 1921.

To the Stockholders of

R. J. REYNOLDS TOBACCO COMPANY:—

The Financial Report of your Company, at the close of business December 31, 1920, is hereby submitted.

Net Earnings for the year of 1920, after deducting all charges and expenses of management, and after making provisions for Interest, Taxes (including maximum Federal Income and Excess Profits Taxes), Allowances, Depreciation, Advertising, etc. - - - - - - - - - - - - - -	$10,691,293.90

An analysis of the Undivided Profits Account since statement of December 31, 1916, follows:

BALANCE—DECEMBER 31, 1916, - - - - - - - - - - - -			$16,747,369.18
Additions			
Net Profit after all Provisions including maximum Federal Taxes:			
For year ended December 31, 1917, - - -	$10,340,344.76		
" " " " " 1918, - - -	7,042,763.08		
" " " " " 1919, - - -	11,272,753.51		
" " " " " 1920, - - -	10,691,293.90	39,347,155.25	
Sundry items applicable to prior periods		200,827.77	
		56,295,352.20	
Deductions			
Dividends Paid:			
For year ended Dec. 31, 1917,	$3,281,250.00		
" " " " " 1918,	2,850,000.00		
" " " " " 1919,	3,100,000.00		
" " " " " 1920,	5,000,000.00	14,231.250.00	
Stock Dividend of August 16, 1920, in New Class B Common Stock— 200% on $10,000,000.00 Common and $10,000,000.00 Class B Common Stock		40,000,000.00	54,231,250.00
BALANCE—DECEMBER 31, 1920,			$ 2,064,102.20

NOTE: Federal Income, Excess Profits and War Profits Taxes on earnings for all years up to December 31, 1920, have been paid or set aside in the above statement in maximum amounts and pending tax adjustments should result in a substantial increase in the Undivided Profits Account.

FINANCIAL STATEMENT

DECEMBER 31, 1920.

ASSETS

Current		
Cash	$ 9,683,456.84	
Accounts Receivable (net) for merchandise sold	7,642,042.62	
Leaf Tobacco, Supplies, Manufactured Product, etc.	69,017,777.70	$86,343.277.16
Other Assets		
Real Estate and Buildings, Machinery and Fixtures, etc.	13,315,565.22	
U. S. Liberty Bonds and Investments in Non-Competitive Companies	3,600,197.78	
Other Accounts and Notes Receivable	2,072,929.56	
Good Will, Patents, Trade Marks, etc.	1,307,583.31	
Prepaid Interest, Insurance, etc.	466,815.69	20,763,091.56
		$107,106,368.72

LIABILITIES

Current		
Bills Payable	$ 622,892.37	
Accounts Payable	1,348,514.39	
Accrued Interest, Accrued Taxes (including Maximum Federal Income and Excess Profits Taxes on 1920 Earnings), and other accrued accounts	3,649,765.53	$ 5,621,172.29
Deferred		
Gold Notes (6%) Due August 1, 1922		15,000,000.00
Reserves		
Depreciation, Obsolescence and Contingencies		4,421,094.23
Capital Account		
Preferred Stock—7% Cumulative	20,000,000.00	
Common Stock	10,000,000.00	
New Class B Common Stock	50,000,000.00	
Undivided Profits (after deduction of dividends payable January 1, 1921)	2,064,102.20	82,064,102.20
		$107,106,368.72

Respectfully,
D. RICH, Treasurer.

WE HEREBY CERTIFY that we have examined the books of account and records of R. J. REYNOLDS TOBACCO COMPANY, Winston-Salem, N. C., at December 31, 1920, and it is our opinion that the above statement shows the true financial condition of the Company at the date stated, and that the accompanying Analysis of Undivided Profits Account is correct. As far as we could ascertain there were no contingent liabilities and we were informed none existed.

ERNST & ERNST,
Certified Public Accountants.